GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:1665
ANSWERED ON:10.12.2004
LICENCE TO CO OPERATIVE BANKS
Owaisi Shri Asaduddin

Will the Minister of FINANCE be pleased to state:

(a) whether RBI has been empowered to issue licence to multi-state co-operatives to carry on banking business,

(b) if so, the details thereof;

(c) whether this measure is likely to remove doubts raised in the wake of Supreme Court order about legality of licence issue to 34 urban co-operative banks registered under MSCS Act, 1984;

(d) if so, the details thereof

(e) the extent to which this measure is likely to provide safety to depositors?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM)

(a)&(bV `The Banking Regulation (Amendment) and Miscellaneous Provisions Ordinance 2004` promulgated on 24th September, 2004 has brought Co-operative Banks registered under the Multi State Co-operative Societies Act, 2002 under the Banking Regulation Act 1949 ((BR Act) and has empowered Reserve Bank of India (RBI) to issue licence to Multi State Co-operative Banks to caiTy on banking business.

(c) & (d) : Yes Sir. The amendment carried out through the said Ordinance provides that every licence granted to a Multi State Co-operative Society by RBI, which was subsisting on the date of commencement of the Ordinance, shall be valid and be deemed always to have been validity granted in accordance with law.

(e): Since the Banking Regulation Act. 1949 now governs Multi State Co-operative Banks, the eligibility condition prescribed in the Deposit Insurance and Credit Guarantee Corporation (DICGC) Act has been satisfied and as such the Multi Stale Urban Co-operative Banks have now been made eligible for DICGC cover and the depositors of these Banks will be eligible for deposit insurance as per the provisions of the DICGC Act. 1961.